

Modern Slavery Statement

To: **Australian Border Force**
(submitted via www.modernslaveryregister.gov.au)

From: **Iberdrola Australia Limited**
Level 17, 56 Pitt Street, Sydney NSW 2000

Date: 30 June 2022

Iberdrola Australia Limited – Modern Slavery Statement covering the period 1 January 2021 to 31 December 2021

1. Reporting entity

This modern slavery statement is made by Iberdrola Australia Limited and its wholly owned subsidiary entities (collectively, **Iberdrola Australia**). Iberdrola Australia is a wholly owned subsidiary of Iberdrola, S.A. which is the parent company of the Iberdrola Group (**Iberdrola Group**). References to “we”, “us” and “our” are references to Iberdrola Australia. This statement describes the structure of Iberdrola Australia, the risks of modern slavery practices in our operations and supply chains, the actions we are taking to address these risks, and our assessment of the effectiveness of these actions. This statement is made pursuant to sections 12 to 16 of the *Modern Slavery Act 2018* (Cth) (the **Act**) with respect to the period 1 January 2021 to 31 December 2021 (the **Reporting Period**).

2. Reporting entity structure, operations and supply chains

2.1 Our structure

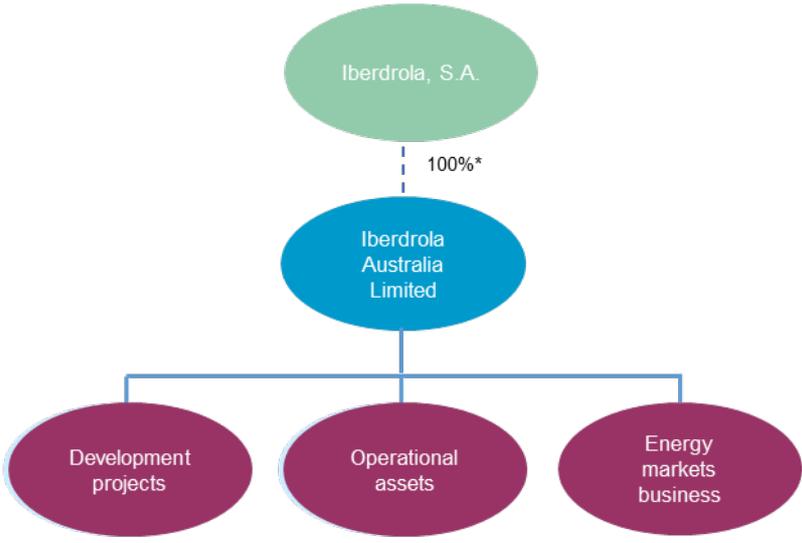
Iberdrola Australia Limited is an Australian public company originally incorporated in June 2003. During the Reporting Period, Iberdrola Australia changed its name from Infigen Energy Limited to Iberdrola Australia Limited.

The Iberdrola Group is the world’s largest producer of wind power by volume, and one of the world’s largest electricity utilities by market capitalisation. It is globally recognised as a sustainability leader and prides itself on its commitment to an energy model that prioritises the well-being of people and the preservation of the planet. The Iberdrola Group’s Governance and Sustainability System, which includes its Code of Ethics and Policy on Respect for Human Rights, amongst other key corporate

policies, applies to Iberdrola Australia and plays a central role in ensuring the integrity of its business operations.

Iberdrola Australia Limited is incorporated in Australia and is the Australian parent entity for a number of wholly owned subsidiary entities through which it holds its energy generation and development assets, as well as conducting its energy markets business.

Figure 1 – Reporting Entity’s Structure



Iberdrola Australia Limited is an indirect, wholly owned subsidiary within the Iberdrola Group, with the parent company of the group being Iberdrola, S.A. based in Spain.

Over the Reporting Period Iberdrola Australia’s consolidated revenue was \$242.4 million. Iberdrola Australia Limited is the only Reporting Entity under the Act within Iberdrola Australia.

2.2 Our operations

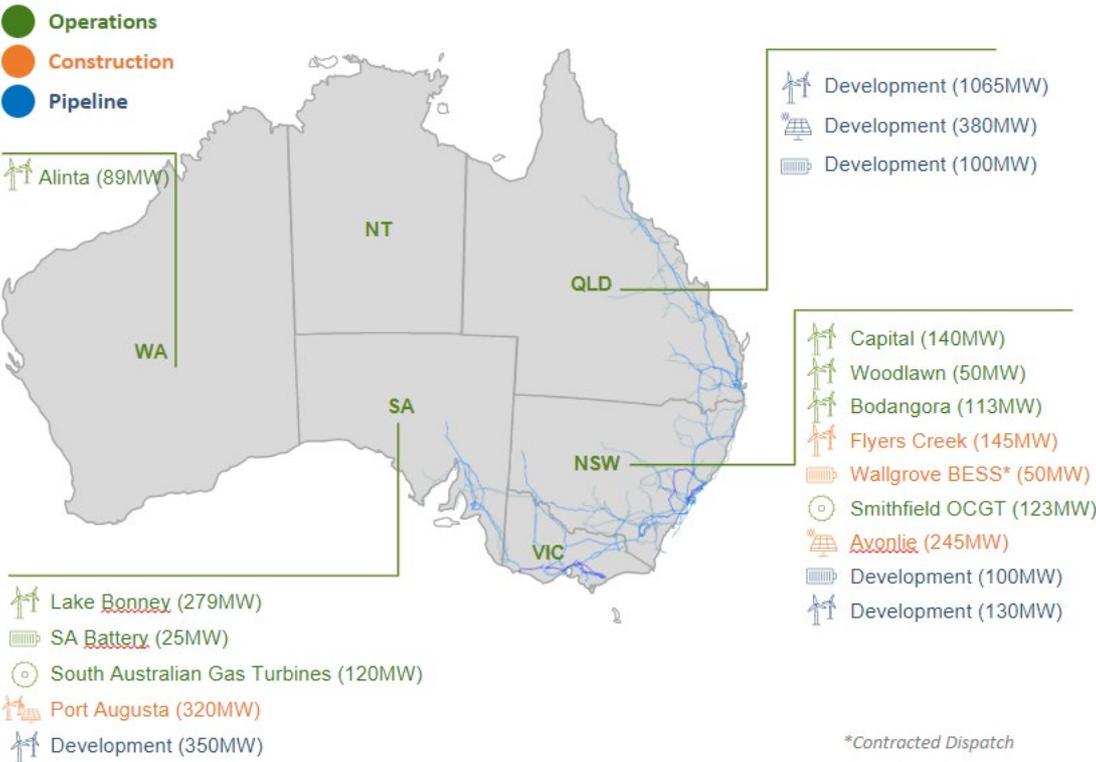
Iberdrola Australia develops, constructs and operates renewable energy facilities that generate renewable electricity. We also source renewable energy from third parties where we contract to purchase their output under Power Purchase Agreements. With more than 1GW of renewable generation capacity in SA, NSW, VIC and WA, it is one of the largest renewable energy fleets in Australia.

Because renewable energy is inherently intermittent, and customers need electricity on demand, Iberdrola Australia utilises its additional fast-start (firming) assets to manage intermittency risks. By combining a diversified fleet of renewable generators with a portfolio of flexible, fast-start assets, we provide customers with firm supplies of clean energy.

Throughout 2021, the Port Augusta Renewable Energy Park (PAREP) was under construction, which comprises both wind and solar generation. Late in 2021, both the Avonlie Solar Farm and Flyers Creek Wind Farm reached financial close, moving into the construction phase in early 2022. The PAREP asset is due to become fully operational in 2022, and the Avonlie and Flyers Creek assets in 2023, which will add an additional 700MW to Iberdrola Australia’s renewable energy generation capacity.

Iberdrola Australia continues to develop a pipeline of energy generation and storage assets and plans to continue the growth of this portfolio for many years.

Figure 2 – Location of Iberdrola Australia’s Assets



Iberdrola Australia acquired energy solutions company Autonomous Energy on 17 December 2021. Autonomous Energy is an award-winning engineering, procurement and construction company providing a broad range of green energy solutions. These solutions include rooftop solar, solar car park shading, ground mount solar PV, battery storage, microgrids, energy efficiency and energy management. Due to the acquisition occurring in the final weeks of the Reporting Period, Autonomous Energy and its operations are not included in this statement but will be captured in subsequent statements.

As at 31 December 2021, Iberdrola Australia employed approximately 160 staff located across Sydney, Melbourne, Brisbane and regional towns. This included staff working on construction of the PAREP asset and staff at our operational sites, which were located in NSW, VIC, SA and WA. In 2021, our office staff mostly worked from

home due to COVID restrictions and lockdowns. All staff contribute to the operations of Iberdrola Australia.

2.3 Our supply chains

The products and services Iberdrola Australia uses to contribute to our own products and services include:

1. power generation and storage technology, such as wind turbines, solar panels, batteries, gas turbines and the various civil, structural, mechanical and electrical components that comprise a generation or energy storage facility;
2. services for the development, construction and maintenance of power generation and storage facilities such as the design, construction, procurement, installation, testing and commissioning; and
3. products and services to support Iberdrola Australia's operations (e.g. information technology, office management, business management etc.).

The various suppliers, contractors, consultants and other service providers within Iberdrola Australia's supply chain also procure their own products and services from their own supply chains. Combining our direct and indirect supply chains results in a global supply chain footprint, and for CY21 the majority of products were sourced from European countries and China, and the majority of services were sourced from Australia. The contractual arrangements within the Iberdrola Australia supply chain varies from small consultancy agreements through to Engineering, Procurement and Construction (EPC) contracts.

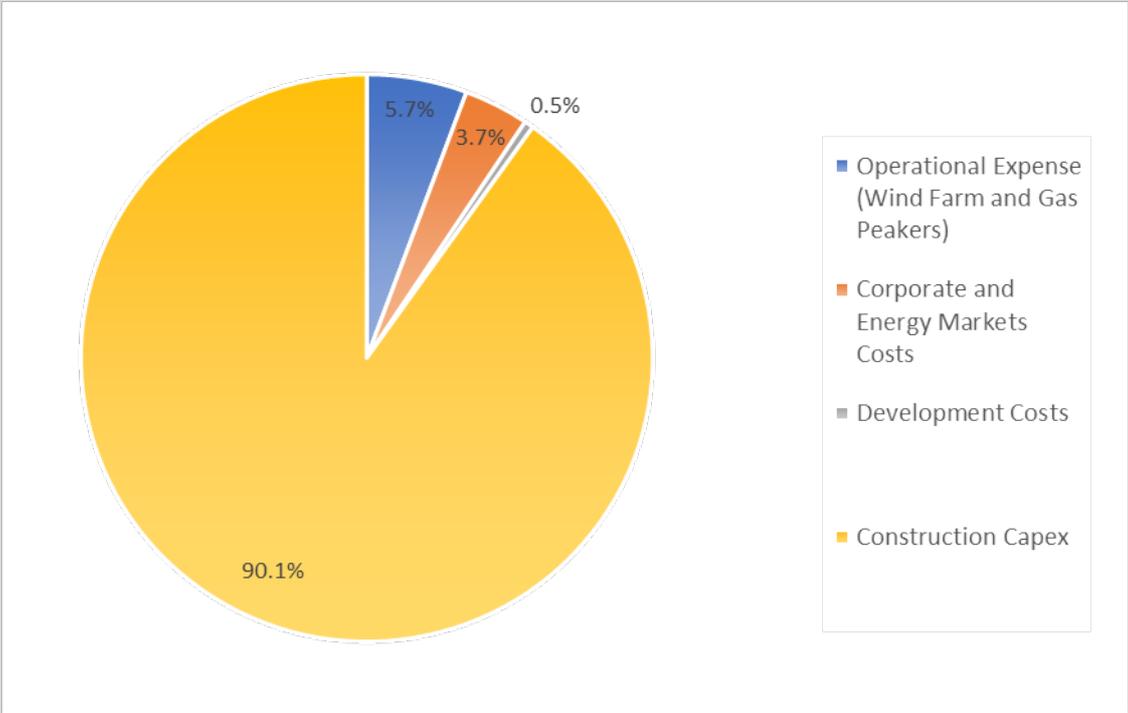
As indicated above, Iberdrola Australia seeks to continue to grow its business footprint in Australia. Part of the current asset growth for Iberdrola Australia involves two solar projects in the construction phase:

- a) the solar farm that forms part of the PAREP project in South Australia; and
- b) the Avonlie Solar Farm in NSW.

The sourcing and purchasing of all products and services from our direct suppliers is led by the relevant team within the business in line with Iberdrola Australia's compliance and governance standards. Depending on the business need, suppliers are engaged on either an ad hoc basis or under longer-term contractual arrangements, sometimes just on one project and sometimes across a range of them.

The spend profile across our operations and supply chain for 2021 is shown in Figure 3 below. In comparison with the previous year, 2021 had a larger percentage of spend on construction projects, which as described in section 3 below gives rise to an increased risk of modern slavery practices within our supply chain, with the overall rating remaining medium in line with our CY20 statement.

Figure 3 – Iberdrola Australia’s 2021 spend profile



3. Risks of modern slavery practices in our operations & supply chain

To better understand the risks of modern slavery practices in our operations and supply chain, we undertook a scoping exercise to understand where and what modern slavery risks may exist. Central to this exercise was assessing both Iberdrola Australia’s own operations and our direct supplier’s operations against the key risk indicators described in the ‘Guidance for Reporting Entities’¹.

Iberdrola Australia’s own operations are limited to Australia (a country considered low risk under the Walk Free Global Slavery Index²). A number of our activities (which largely comprise the development, construction, operation and maintenance of electricity generation assets) are outsourced to service providers under long-term contracts. As at the end of the Reporting Period, our staff were also largely office-based, with only 13 staff based permanently at our operational assets. Most of our staff are employed directly and are on permanent contracts in skilled roles. This lowers the modern slavery risks within the Iberdrola Australia workforce.

¹ Modern Slavery Act 2018 ‘Guidance for Reporting Entities’ available at <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>

² The Global Slavery Index is a ranking of the number of people in modern slavery, including in the hardest to access countries. Refer to: https://downloads.globalslaveryindex.org/ephemeral/GSI-2018_FNL_190828_CO_DIGITAL_P-1651103259.pdf

We conducted a risk assessment of our own activities against the key risk indicators and concluded that the risk that Iberdrola Australia may **cause** modern slavery practices is **low**.

In conducting this risk assessment exercise across our operations and supply chain, we also considered whether there is a risk we may **contribute to** modern slavery practices. As with all energy projects, there are industry and business pressures on the price and schedule to develop, construct, operate and maintain these projects. This in turn may create a risk of our supply chain to cause modern slavery practices to be present for various scopes of work related to our operations. With our approach to cost and schedule setting, supply chain engagement and our focus on reducing the risk of modern slavery practices, we have assessed that the risk Iberdrola Australia may **contribute to** modern slavery practices is **low**.

Due to the nature of supply chain engagement across our operations, products and services, we also considered whether there is a risk we may **be directly linked to** modern slavery practices. We engage a substantial supply chain for the supply of parts, services, equipment and labour, particularly for the construction of energy and storage projects, and these suppliers in turn also engage many different tiers of supplier including through to raw material extraction. We conducted a risk assessment of our Tier 1 suppliers against the key risk indicators and identified the following potential risk areas:

Sector and industry risks: Iberdrola Australia procures construction services from civil and electrical contractors who may employ temporary or contract workers to construct our energy projects. The construction sector in Australia is considered at risk of modern slavery according to the Walk Free Global Slavery Index, due to it employing a high percentage of migrant workers who enter Australia through its temporary visa scheme.

Geographic, product and services risks: Iberdrola Australia procures equipment (such as wind turbines, solar panels and large electrical components, as well as IT equipment such as laptops, computers and mobile phones) from a small number of global suppliers who may source, manufacture, or assemble these items (and the materials that comprise them) in countries considered higher risk under the Walk Free Global Slavery Index³. IT equipment is listed as Australia's highest risk import in terms of modern slavery, with 73% coming from China and Malaysia, both of which have large electronics manufacturing industries which have been identified as at risk of using modern slavery practices in the production of these goods⁴.

Iberdrola Australia is aware of the modern slavery implications in the manufacturing of solar modules in the Xinjiang region in China. There are claims that Uyghur Muslims are victims of some form of forced labour in the production of polysilicon that

³ The Global Slavery Index is a ranking of the number of people in modern slavery, including in the hardest to access countries. Refer to: https://downloads.globalslaveryindex.org/ephemeral/GSI-2018_FNL_190828_CO_DIGITAL_P-1651103259.pdf

⁴ Refer to: https://downloads.globalslaveryindex.org/ephemeral/GSI-2018_FNL_190828_CO_DIGITAL_P-1651103259.pdf

is a key material for solar panels. The world's four biggest manufacturers of polysilicon are implicated in the allegations and the major panel suppliers in the world source polysilicon from at least one of them⁵.

In an attempt to address this issue, in June 2021 the U.S. imposed a ban on Chinese silica-based imports from particular suppliers from the Xinjiang region⁶. Currently, Australia has not taken similar action, and accordingly there is a risk that Australian businesses may purchase solar panels from a panel manufacturer that sources polysilicon for their panels from this location.

This particular risk is linked to the purchase of elements for photovoltaic plants in a complex context that prevents traceability. In order to identify the origin of the materials and the components of the solar modules and in particular, the polysilicon, Iberdrola Group is implementing measures and is seeking to increase the visibility of the suppliers in relation to forced labour risks and the use of polysilicon or other components purchased in China.

Additionally, Iberdrola is working on different avenues to minimize this risk, including the possibility of carrying out audits and the study of component traceability mechanisms, as well as participating in the sector initiatives.

Although the circumstances in the region make it very difficult to adopt due diligence measures to ensure responsible management of human rights risks, Iberdrola is asking its suppliers to take extraordinary measures to guarantee the absence of forced labour. In order to identify the origin of the materials and components of the solar modules and, in particular, of polysilicon, Iberdrola is implementing the following measures:

- Express declarations from suppliers rejecting forced labour (in addition to acceptance of the Iberdrola Code of Ethics).
- Confirmation by suppliers that they do not use polysilicon or other components originating from the Uyghur Region.
- Traceability mechanisms of the components incorporated in the solar panels.
- Request for the codes of conduct and ethics that suppliers apply to their company and suppliers.

Entity risks: Iberdrola Australia's growth plans will result in new suppliers being engaged for our operations and services. Although our prequalification and onboarding processes are thorough, a risk still remains these processes may not appropriately assess the risk of our suppliers and their approach to modern slavery practices, particularly with any new risks that have not been apparent in the industry.

Based on the above, we have assessed that the risk Iberdrola Australia may **be directly linked to** modern slavery practices is **medium**.

⁵ Murphy, L. and Elimä, N. (2021). "In Broad Daylight: Uyghur Forced Labour and Global Solar Supply Chains." Sheffield, UK: Sheffield Hallam University Helena Kennedy Centre for International Justice.

⁶ Available at: <https://www.reuters.com/business/us-restricts-exports-5-chinese-firms-over-rights-violations-2021-06-23/>

4. Actions taken to assess and address these risks

4.1 Completed actions

Iberdrola Australia has undertaken the following actions in the 2021 Reporting Period:

- Inclusion of specific Modern Slavery clauses in relevant supplier contracts that require the contractor, amongst other things, to comply with the Modern Slavery Laws; implement and maintain appropriate measures to assess and address Modern Slavery risks; and to cooperate with Iberdrola Australia to reduce and mitigate Modern Slavery risks in its activities related to the contract.
- Continued to be a member of the Risks of Modern Slavery Working Group within the Clean Energy Council (CEC) and participated in initiatives that raise awareness and tackles concerns of modern slavery in the renewable energy industry.
- Liaised with our counterparts in Iberdrola (Spain) and UK based Iberdrola subsidiary Scottish Power to foster collaboration in this space and use learnings from their experience as well as leverage procedures and processes that we may be able to use in Australia too.
- Iberdrola Australia's internal Sustainability Working Group meets regularly and now includes Modern Slavery as part of its standing agenda. A wide group of professionals from varied backgrounds and qualifications participate in the group, including the CEO.
- Conducted periodic review of our anti-modern slavery objectives and actions.

New suppliers and contractors continue to follow a prequalification due diligence process which assesses many elements including risks associated with human rights within their operations and supply chain, particularly those who operate in high risk countries and sectors.

4.2 Future actions

During the next reporting period, we intend to implement a number of initiatives that complement and strengthen our modern slavery policy and procedures. Future actions include:

- Signing the CEC Modern Slavery Pledge that outlines commitments that will be taken to minimise modern slavery risks from our operations and supply chains, as well as our commitment to collaborate and contribute to industry forums to promote our common objective of eradicating such risks.

- Commitment to hire additional local procurement resources to coordinate the prequalification due diligence process of new and existing suppliers.
- Participating in the CEC survey providing feedback on the Modern Slavery Act 2018 Review.
- Developing a Remediation Action Plan that provides instructions and guidelines for when modern slavery risks are raised and identified. This includes the people within the business that need to be involved and expected actions to be taken.
- Engagement of independent and external consultants to conduct a review of modern slavery processes and procedures for the Iberdrola Group.
- Consider ways to strengthen our modern slavery risk assessment processes from benchmarking exercises and results from the external review.
- Continue to raise the visibility, awareness, training and collaboration in relation to modern slavery issues at our internal Sustainability Working Group.
- Refreshed employee training and awareness on modern slavery and what it means for Iberdrola Australia, particularly considering ongoing employee growth.
- Include a modern slavery risk assessment of the recently acquired Autonomous Energy business in Iberdrola Australia's next Statement.
- Undertake a review and refresh as necessary of the Iberdrola Australia Anti-Modern Slavery policy.

5. Assessing effectiveness

To measure effectiveness of the actions we are taking to address the risk of modern slavery practices in our operations and supply chains, we have in place the following:

- The Iberdrola Australia internal Sustainability Working Group is a forum where Modern Slavery is a standing agenda item and a wide range of people from all parts of the business participate. This forum is a further way to enable our people to increase awareness of modern slavery risks in our industry, equip themselves with knowledge and understanding and are collaborating in relevant workstreams.
- The external consultant's report commissioned by the Iberdrola Group will provide a review of corporate modern slavery policies and procedures and provide recommendations of any measures to put in place to ensure our approach is robust (for each jurisdiction).
- Iberdrola Australia will undertake a review of relevant reporting that evaluates Statements issued by other Australian companies, with the view to identify best practice as a means to improve our approach to modern slavery practice risk management and improve our modern slavery statements going forward.

6. Consultation with owned and controlled entities

All entities that Iberdrola Australia owns or controls are managed and operated by Iberdrola Australia employees. Consultation with these entities is undertaken via:

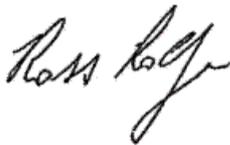
- Our Sustainability Working Group, which includes a cross section of these personnel that meet periodically to discuss relevant objectives and issues, as well as the ongoing development of policies and procedures; and
- Ongoing internal communication and training sessions.

7. Other relevant information

7.1 Impact of COVID-19

COVID-19 has not had a significant impact on our capacity to assess and address modern slavery risks during the Reporting Period. During the Reporting Period Iberdrola Australia personnel largely worked from home due to the pandemic and this did not adversely impact the ability of the Sustainability Working Group to continue developing Iberdrola Australia's anti-modern slavery policies and procedures.

The Board of Directors of Iberdrola Australia Limited approved this statement on 28 June 2022.



Ross Rolfe
Managing Director
Iberdrola Australia